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Volume 12

MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
February 1968

Number 7

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY - FEBRUARY 1968

The Chattanooga Order MINIMUM uniform producer price is \$5.77 per cwt. at pool plants for milk testing 3.5% butterfat. The producer butterfat differential is 8.4 cents for each one-tenth of one percent above or below 3.5% test.

In February 1968, 82.6% of the producer milk received by pool plants was priced in Class I at \$6.20 per cwt. and 17.4% was priced in Class II at \$4.00 per cwt. The February butterfat differential for Class I was 8.6 cents and Class II was 7.6 cents.

Daily average producer milk received during February 1968 was 588,571 pounds which is an increase of 29,786 pounds or 5.3% compared with February 1967. The February daily average deliveries per farm from 541 producers was 1,088 pounds. This compares to 550 farms delivering a daily average of 1,016 pounds per day during February 1967.

TWO NATIONAL MILK HEARINGS HELD

Proposals to amend or extend all 74 Federal milk marketing orders to cover "filled or imitation" milk, as well as milk in its natural form, was considered at a national public hearing in Memphis, Tennessee, beginning February 19, 1968. The consensus of interested parties was that more time was needed to develop information concerning the substitute products and their possible impact on markets and milk prices, therefore the hearing was recessed on February 21 until April 23, 1968.

Another national hearing was held in Memphis on February 23 on proposals to extend temporary Class I prices made effective last year. April 30 is the termination date for certain temporary price factors, including 20 cents in the Class I price differential and minimum basic formula of \$4.05 a hundredweight. The Department of Agriculture is now considering the evidence proposed at this hearing.

U. S. COURT UPHOLDS CHATTANOOGA MILK ORDER

The U. S. Department of Agriculture recently filed in Federal Court an action requesting that J. M. Gibson Dairy, Inc. be required to comply with the Chattanooga Federal Milk Order.

A Court Order was issued in this case by United States District Judge Wilson on March 6, 1968 requiring the defendant corporation to file the reports required under the terms of Milk Order Number 90, as amended, with the Market Administrator.

ANNOUNCED 1968 PRODUCER BASES

The average daily bases that producers established during the months of September 1967 thru January 1968 were announced by the Market Administrator during February 1968. These bases are to be used by handlers for making payments to producers for milk deliveries during March thru July 1968. Any producer who established a base but did not receive a base notice should contact the office of the Market Administrator.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Feb. '68 over Feb. '67	Feb. 1968 10	Jan. 1968 9	Feb. 1967 9
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+ 5.3	588,571	588,154	558,785
Other Source	+ 85.8	28,186	24,061	15,172
Other Federal Orders	+ 161.4	128,992	117,350	49,355
TOTAL MILK RECEIPTS	+ 19.6	745,749	729,565	623,312
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 3.1	391,184	383,234	379,523
Skim - Regular	+ 23.6	20,826	18,992	16,853
Skim - 2% Milk	+ 19.7	38,689	37,658	32,310
Buttermilk	+ 9.8	42,835	42,402	39,015
Flavored Milk and Drink	+ 17.6	12,786	12,332	10,873
Creams (Sweet and Sour)	+ 16.5	3,097	2,770	2,658
Sub-Total - Pkg. Products (Pool Plants)	+ 5.9	509,417	497,388	481,232
Other (Shrinkage, Inventory, etc.)		290	2,224	1,638
Sales to Non-Pool Plants		67,509	61,708	2,158
In-Area Sales by Non-Pool Plants		2,693	1,670	4,970
TOTAL CLASS I MILK	+ 18.3	579,909	562,990	489,998
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 8.7	33,783	32,233	31,082
Cottage Cheese	+ 4.1	33,327	30,684	32,013
Powdered and Condensed Milk		58,973	45,341	12,128
Livestock Feed and Skim Dumped		6,143	6,569	6,121
Sub-Total - Used to Produce	+ 62.6	132,226	114,827	81,344
Shrinkage Class II		7,178	9,743	10,669
Other (Inventory Variation, etc.)		(5,887)	7,023	(3,951)
Bulk Sales to Non-Pool Plants		32,323	34,982	45,252
TOTAL CLASS II MILK	+ 24.4	165,840	166,575	133,314
Class I Pounds in Area - Pool Plants	- 0.3	307,300	298,571	308,119
Class I Pounds Out of Area - Pool Plants	+ 52.6	269,916	262,749	176,909
Class I Pounds in Area - Non-Pool Plants		2,693	1,670	4,970
% Producer Milk of Gross Class I		101.5	104.5	114.0
% Producer Milk Priced in Class I		82.6	81.1	80.8

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

<u>Per \$ 1090.51(a) Amended</u>	<u>Mar. '68</u>	<u>Feb. '68</u>	<u>Mar. '67</u>
Basic Formula	\$4.05	\$4.05	\$4.15
Plus Class I Differential 1/	1.95	1.95	1.75
Supply-Demand Adjustment	0.20	0.20	0.02
Class I Price, 3.5% Butterfat	\$6.20	\$6.20	\$5.92

MARCH 1968

Supply-Demand Comparison: 2nd and 3rd preceding months: December and January
 Supply: Lbs. Producer (Dec. 18,130,081 and Jan. 18,232,761) 36,362,842
 Demand: Lbs. Net Class I Milk (Dec. 16,542,062 and Jan. 17,400,907) 33,942,969
 Utilization Percentage: Producer milk divided by Class I 107
 Standard Utilization Percentage: Range 117-121 117
 Net Deviation Percentage: Utilization minus Standard Utilization Minus 10
 Supply-Demand Adjustment: 2 cents x 10 percentage points Plus \$0.20

1/ Increased 20 cents - May 1967 through April 1968

COMPUTATION OF PRODUCER UNIFORM PRICE

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FEBRUARY 1968	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		16,817,369	3.516		
Less Other Source		2,721,896	3.365		
Producer Milk Class I	82.6	14,095,473	3.545294	\$6.238953	\$ 879,409.94
Gross Class II		4,809,361	5.567		
Less Other Source		1,836,278	3.835		
Producer Milk Class II	17.4	2,973,083	6.636680	6.383877	189,797.96
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	17,068,556	4.083767		1,069,207.90
Less Fractional Adjustment					.04
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		311,702			14,174.50
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					5,274.32
TOTAL VALUE AT TEST		17,380,258	4.038835	6.263754	1,088,656.68
Less Test Over 3.5% @ 8.4¢ per point		17,380,258	.538835	0.452621	78,666.70
TOTAL UTILIZATION VALUE AT 3.5%		17,380,258	3.5	5.811133	1,009,989.98
Less Producer-Settlement Fund Reserve		17,380,258		.041133	7,149.02
PRODUCER UNIFORM PRICE F.O.B. POOL PLANTS		17,380,258	3.5	\$5.77	\$1,002,840.96

FEBRUARY 1968 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
 BUTTERFAT DIFFERENTIAL 8.4¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	\$5.35	3.6	\$5.854	4.2	\$6.358	4.8	\$6.862	5.4	\$7.366
3.05	5.392	3.65	5.896	4.25	6.40	4.85	6.904	5.45	7.408
3.1	5.434	3.7	5.938	4.3	6.442	4.9	6.946	5.5	7.45
3.15	5.476	3.75	5.98	4.35	6.484	4.95	6.988	5.55	7.492
3.2	5.518	3.8	6.022	4.4	6.526	5.0	7.03	5.6	7.534
3.25	5.56	3.85	6.064	4.45	6.568	5.05	7.072	5.65	7.576
3.3	5.602	3.9	6.106	4.5	6.61	5.1	7.114	5.7	7.618
3.35	5.644	3.95	6.148	4.55	6.652	5.15	7.156	5.75	7.66
3.4	5.686	4.0	6.19	4.6	6.694	5.2	7.198	5.8	7.702
3.45	5.728	4.05	6.232	4.65	6.736	5.25	7.24	5.85	7.744
3.5	5.77	4.1	6.274	4.7	6.778	5.3	7.282	5.9	7.786
3.55	5.812	4.15	6.316	4.75	6.82	5.35	7.324	5.95	7.828

FEBRUARY 1968 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Per \$1090.73	B'Fat Use Percentage	Prod. Lbs. Butterfat	Class B'Fat Differential	Butterfat Value
Class I	71.7	499,726	\$0.86	\$429,764.36
Class II	28.3	197,314	0.76	149,958.64
Total	100.0	697,040		\$579,723.00

Total Butterfat Value ÷ Total Producer fat pounds = \$0.831693 or 8.4¢ above or below 3.5 percent test.

PRODUCER ANNOUNCED BASES - FOUR YEARS COMPARISON

Base Range Pounds	1968	1967	1966	1965	Base Range Pounds	1968	1967	1966	1965
	Number of Producers					Number of Producers			
0-199	7	9	12	26	800- 899	47	36	52	51
200-299	22	27	34	34	900- 999	40	56	43	46
300-399	30	39	50	48	1000-1499	119	125	137	129
400-499	32	46	65	73	1500-1999	47	44	53	46
500-599	48	52	51	69	2000-2499	23	23	25	12
600-699	56	42	68	62	Over-2500	38	29	28	19
700-799	34	39	45	61	Total Prod.	543	567	663	676

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES ^{1/}				HANDLER CLASS PRICES ^{1/}			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Feb.'67	\$5.50	-	-	8.2¢	\$6.05	8.6¢	\$3.37	7.6¢
Mar.	5.36 ^{2/}	\$5.54	\$3.33	8.2	5.92	8.6	3.37	7.6
Apr.	5.19 ^{2/}	5.45	3.31	8.2	5.94	8.6	3.35	7.6
May	5.33 ^{2/}	5.54	3.32	8.2	6.00	8.6	3.36	7.6
June	5.47 ^{2/}	5.68	3.33	8.2	6.16	8.6	3.37	7.6
July	5.56 ^{2/}	5.76	3.33	8.2	6.24	8.6	3.37	7.6
Aug.	5.67	-	-	8.4	6.24	8.6	3.97	7.7
Sept.	5.71	-	-	8.4	6.16	8.7	3.97	7.7
Oct.	5.63	-	-	8.4	5.98	8.7	3.98	7.7
Nov.	5.57	-	-	8.4	5.98	8.7	4.00	7.6
Dec.	5.65	-	-	8.4	6.14	8.6	4.04	7.8
Jan.'68	5.73	-	-	8.4	6.20	8.8	4.01	7.6
Feb.	5.77	-	-	8.4	6.20	8.6	4.00	7.6
Mar.	-	-	-	-	6.20	8.6	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE			
	Chi.92° Butter	Minn/Wisc Mfg. Milk	Chi.Area Powder	Basic Formula ^{4/}	(Daily Average)			
	¢ Lb.	\$-cwt-3.5%	¢ Lb.	\$-cwt-3.5%	Class I Pounds	Test-%	Class II Pounds	Test-%
Feb.'67	66.47	4.02	19.46	4.15	451,595	3.50	107,190	6.89
Mar.	66.46	4.01	19.48	4.15	477,073	3.49	125,680	6.04
Apr.	66.45	3.98	19.47	4.05	463,179	3.50	180,580	4.97
May	66.47	3.96	19.44	4.05	458,593	3.51	152,870	5.28
June	66.47	3.96	19.47	4.05	444,378	3.46	140,548	5.30
July	66.47	3.95	19.46	4.05	427,640	3.50	128,838	5.27
Aug.	67.07	3.97	19.46	4.05	427,213	3.49	135,298	5.13
Sept.	67.13	3.97	19.37	4.05	482,438	3.47	113,367	5.97
Oct.	66.59	3.98	19.42	4.05	493,777	3.58	96,943	6.71
Nov.	66.48	4.00	19.50	4.05	470,450	3.57	109,481	6.66
Dec.	67.69	4.04	19.46	4.05	456,371	3.49	128,470	6.37
Jan.'68	66.44	4.01	19.42	4.05	476,833	3.58	111,321	6.73
Feb.	66.44	4.00	19.46	4.05	486,051	3.55	102,520	6.64

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK ^{3/}			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlrs.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
Feb.'67	9	623,312	489,998	550	558,785	-	4.15	1,016	-	-
Mar.	9	680,040	518,872	562	602,753	554,123	4.02	1,073	986	87
Apr.	9	721,150	500,924	555	643,759	566,415	3.91	1,160	1,021	139
May	9	686,775	497,821	552	611,463	553,010	3.96	1,108	1,002	106
June	8	674,624	483,482	552	584,926	533,490	3.90	1,060	967	93
July	8	625,871	467,337	549	556,478	510,262	3.91	1,014	930	84
Aug.	8	627,993	469,524	548	562,511	-	3.88	1,026	-	-
Sept.	9	688,881	539,805	551	595,805	-	3.95	1,081	-	-
Oct.	9	717,502	575,169	550	590,720	-	4.09	1,074	-	-
Nov.	9	718,857	554,957	549	579,931	-	4.16	1,056	-	-
Dec.	9	721,913	535,531	548	584,841	-	4.12	1,067	-	-
Jan.'68	9	729,565	562,990	546	588,154	-	4.18	1,077	-	-
Feb.	10	745,749	579,909	541	588,571	-	4.08	1,088	-	-

^{1/} Excludes Premiums^{2/} Weighted Average Price^{3/} Other Source is Gross minus Producer; Class II is receipts minus Class I^{4/} Basic Formula "floor" per Order Amendments